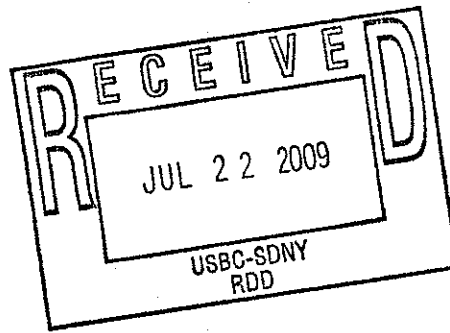


Judge Robert D. Drain
United States Bankruptcy Court
One Bowling Green
New York, NY 10004-1408
Court Room 610



Reference Case #05-4481

Dear Judge Drain,

I am writing this letter to make you aware of the negative impact a decision to allow Delphi Corporation to shift its responsibility for my husband's retirement to the PBGC.

My husband was an eighth level classified engineer with General Motors for thirty years before Delco Electronics (a highly profitable division) was spun off along with several other smaller and significantly less profitable divisions of General Motors. After the bankruptcy, engineers were either let go with a severance package or forced into an early retirement as projects were completed and no others were forth coming. His entire department is now gone. At the time he was stunned, as he had always had excellent performance reviews and had recently reorganized an entire department, taking it from losing millions of dollars to making millions for Delco Electronics. Bruce was fifty-four at the time and had a total of 36 years of service. He was not interested in, or able to retire for another decade.

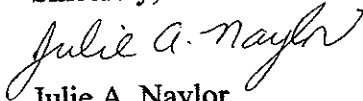
The youngest of our three children was a freshman in college that year, we put our home up for sale and Bruce looked for a job, but found nothing. An employment agency counselor identified two problems. First, sentiment toward anything associated with General Motors was very sour and second, automotive engineers in their fifties were a dime a dozen. Teaching math was suggested, but that would take more money then we could afford. Bruce does not qualify for any financial assistance for further education because he is technically retired, not unemployed. My husband took a job for slightly more than minimum wage at a grocery store and I work as much overtime as I safely can, as a critical care RN. The forced retirement took approximately seventy thousand dollars out of our family budget at a time in life we could ill afford it. From the beginning we have been unable to sell the house with all the foreclosures to compete against. We have lost more in the homes value than the initial down payment we made five years ago. No amount of updating, neutralizing or landscaping has helped the situation, Our realtor says there is more than an eleven month supply of homes in our price range. Last month we dropped the sell price so low, we are now considered a short sale. If we face another 50% or 60% reduction in income we will not be able to make the mortgage payment and will end up in default. A poor credit score will further impede my husband's job search.

We do not want to default on our home, it would be a terrible example to set for our children and would destroy the property values of our neighbors. I can't sleep at night due to the worry I have over this situation, yet there seems to be nothing else I can do to fix the mess we find ourselves in. I do not understand why we would need a Judge to order the leadership of G.M. and Delphi to fund our retirement, before taking millions of dollars in bonus's for themselves. I wonder how these people sleep at night. I had always

assumed that people in such leadership roles would be intelligent, hard working people of integrity. Obviously I am mistaken. Still I wonder how it is legal to take a few divisions of a very large corporation and create a new company when only one of those divisions is profitable and the other divisions are on the verge of insolvency. How was G.M. able to make that initial public offering? Luckily, after the Enron bankruptcy a Delphi accountant reported the accounting irregularities to the SEC, had he not done so the time frame for GM's financial link to and role in the Delphi bankruptcy would have slipped by. While some of the people involved have gone to jail, I am sure there are more who should. If this injustice regarding the Delphi salaried retiree's pension fund is allowed to go forward, won't it set a legal precedent for other companies to zip into and out of reorganization bankruptcy to dump debt and pension funds?

I also question how it is legal for a young "car czar" who represents the President of the United States to direct GM to fully fund and take back the UAW retirees pension and leave the Delphi salaried retirees pension 54% funded and kick it to the PBGC. This organization is currently underfunded by 33 + million dollars underfunded. Won't this lead to allegations of questionable similarities to the "pay for play" scheme that resulted in the impeachment of the Illinois governor this year? The President has spoken of the need for equality of sacrifice, how does this action on the car czar's part fit with the expressed wishes of the President's? As I draw this long letter to a close I want to thank you for your consideration of the financial disaster so many of us are facing.

Sincerely,



Julie A. Naylor
727 Liberty Drive
Westfield, IN 460074

"To whom much is given, much is required" Luke, 12:48

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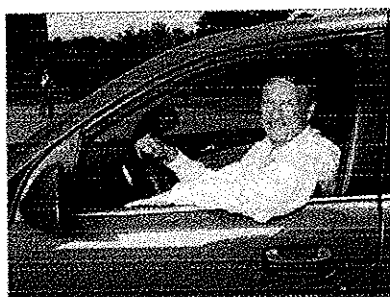
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Union questions auto execs' pay packages

Updated 10/10/2007 10:28 AM | Comments

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Enlarge

By H. Dan Reiser, USA TODAY

General Motors CEO Rick Wagoner got \$9.3 million in salary plus bonus last year.

By Sharon Silke Carty, USA TODAY

DETROIT — The United Auto Workers says it knows it needs to help Detroit's automakers cut labor costs to reduce the gap in production expenses with Asian rivals. But as talks continue on new contracts, the union also is questioning why top executives at the automakers are paid what they are.

"As much as workers do, workers can't do enough, and as much as executives get, they cannot get enough," UAW President Ron Gettelfinger said during last month's two-day strike against General Motors (GM).

CHRYSLER TALKS: UAW, automaker press the deadline

During talks with GM, the UAW pointed out that while the automaker has complained that hourly wages and benefits are dragging it down, it has continued awarding bonuses to its top

executives.

GM CEO Rick Wagoner earned \$9.3 million in salary and bonus in 2006, nearly double what he earned in 2005.

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While UAW members finish voting on a new contract with General Motors that includes a cost-of-living freeze, union negotiators have moved on to Chrysler, with Ford Motor (F) next.

Chrysler's new CEO, Bob Nardelli, became a symbol of corporate excess when he left Home Depot early this year with a \$210 million severance package. Ford's new CEO, Alan Mulally, got \$27.8 million in salary and bonus in his first few months on the job, including an \$18.5 million signing bonus.

Some top executives have taken steps to curtail their pay during automakers' recent financial difficulties. Former Ford CEO Bill Ford took only \$1 in wages during his tenure and donated much of his stock-based pay to charity. Wagoner and his top lieutenants took a base pay cut, although they continued to get bonuses.

Pros and cons

The automakers didn't want to comment on the issue.

Critics say automotive executive paydays are out of line with what's happening in the industry. "It seems like something out of the gilded age," says Chris Kutalik, an editor at *Labor Notes* newspaper. "It's such a glaring disparity."

Others say executive salaries are determined by what companies are willing to pay for the talent. "There's pros and cons to every bit of it. Do you want the job of being a CEO of a bankrupt supplier for nothing? The question becomes what's the right amount of pay for the job that's being rendered," says Laurie Harbour Felix, auto industry consultant at Stout Risius Ross.

Mulally defended his pay package to reporters last summer, saying, "All the skills required to run a business are

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market-driven."

Pay packages at U.S. automakers don't stand out compared with those at other U.S. companies. The median 2006 compensation for CEOs at 50 of the largest U.S. companies was \$17.8 million, according to a USA TODAY analysis of data from Salary.com's CompAnalyst Executive database. Packages included salary, bonus, perks and stock and options awards.

But U.S. executive pay outpaces that of Asian companies, including Asian automakers.

Detroit automakers have focused on the gap between their hourly workers and those of the non-union foreign automakers in the USA. Union workers say the executive pay gap should be examined, as well.

"There is a huge difference between Asia and here when it comes to the top executive compensation," says Han Kim, a professor of business administration at the University of Michigan. "Rarely in Asia, especially Japan and Korea, do the CEOs get paid more than a million dollars."

Japanese companies are not required to break out salaries and bonuses for top executives. Instead, they lump them together. Last year, Toyota's top 37 executives earned a combined \$21.6 million in salary and bonuses, according to filings with the Securities and Exchange Commission. U.K. firm Manifest Information Services, which analyzes proxy information, estimates Toyota's top executive, Hiroshi Okuda, earned \$903,000 in 2006.

At Honda, the top 21 earned \$11.1 million, combined, in salary and bonuses, SEC filings show.

"There is this huge gap between the average worker and the CEO, and the gap is greatest in the U.S.," Kim says. "That kind of thing might work where individual work counts the most, but in the manufacturing sector, it's all about teamwork."

It's difficult to get a precise comparison because Japanese companies are not required to include perks. "It's a very tough comparison to make," says David Cole, chairman of the Center for Automotive Research. The perks given to Japanese executives can include homes, chauffeurs, country club memberships. In the USA, "our disclosure on things like this is pretty complete. The first inclination is to say there's this huge difference, but I don't think that's true."

"It's true that they have some of those extra perks," Felix says. "But let's not kid ourselves; so do the American guys."

Focus on hourly pay

Despite UAW grumbling about executive pay, the focus throughout the current labor negotiations has been on hourly worker pay. GM's proposed contract attempts to close the gap between its workers and those of its foreign rivals.

It's estimated that GM workers earn an average \$73 an hour when benefits including health care and pensions are added in. That appears to be about \$25 an hour more than Toyota's U.S. workers.

Toyota and GM workers earn about the same hourly wages. Benefits are what push the UAW members ahead. The GM contract slashes the hourly rate by making changes in retiree health care. The contract also will allow GM to bring in certain workers at lower wages.

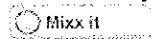
For Gregory Stack, a Chrysler union worker in Detroit, the conversation about hourly pay seems unfair.

"We're all pretty much watching helplessly as the situation with the domestic auto industry worsens daily," says Stack, who is a third-generation autoworker. "Unions are getting a lot of negative press as being the sole cause of all the problems with the corporations."

While he's willing to take some concessions in the upcoming contract, he says he hopes something is done to fix the wage structure up top, as well.

"The disparity is massive," he says. "It does not all necessarily lie with the unions."

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Posted 10/10/2007 12:04 AM

Updated 10/10/2007 10:25 AM

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hetepheres (0 friends, send message) wrote: 12/3/2008 3:45:55 PM

sandpiper 64 - are you saying that someone making \$20 to \$50 (the last is after decades of labor) an hour can be compared to someone making over \$3000 an hour plus perks? While I would agree that unions have their problems, I don't think that the two can even be compared.

And I would really like to know exactly what goes into the \$73/hour estimation. When I was in the military, they claimed I made just over 30K a year when I brought home under \$900 a month, and that was after 6 years of service and included dependent pay. Since then I am always leary of anyone who 'estimates' what someone really makes but doesn't offer everything that goes into the equation.

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sandpiper64 (0 friends, send message) wrote: 11/9/2008 11:52:42 AM

dkcloud357 wrote: 10/11/2007 2:19:20 AM

So before we slam the door shut on the last union in America , open a History book to early years or the American Industrialisation period , 1900 to 1920s or 30s. Read real carefully how the American worker was treated by American Companies (today's Corporate America) and ask yourself do you really want to go back to that kind of treatment

=====

How can you honestly compare the climate back then to now? Unions aside there are laws protecting the worker that were nonexistent back then. I'm not in a union. Based on your opinion how on earth can I make a living wage now? The fact is the UAW is the biggest reason why Detroit is having severe problems. Yes CEO pay is out of line but so are the UAW workers who prior to 2005 had their entire health-care tab picked up by the company even for laid-off workers till they found other jobs. CEO pay can't be compared to the greed of the UAW worker. Give me a break. How do you expect a company to turn their business around and be successful when their workforce sucks the life out of the company.

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dkcloud357 (3 friends, send message) wrote: 10/11/2007 2:19:20 AM

reddish wrote: 9h 17m ago

Dude you hit the nail right on the head, I missed putting that into my rant. I am all for performance based compensation for management. Maybe the Unions could take a lesson from that? Build a better car, sell more, make more?

=====

1. " Build a better car ; We build the best with the materials that management gives us to build that car with.
2. Sell more ; Dealerships are privately owned , the union has no say what so ever on the Dealership side of the Auto Industry.
3. We can only build as many as management tells us to make , and that goes for which models too. It is like this , Unions are not perfect , nothing is , but at the end of the day , I'm glad I belong to one. Without it I would not and every other working American would not have the standard of living we now have in this country. Since 1981 Unions no longer have the membership numbers they had prior to 1981. So before we slam the door shut on the last union in America , open a History book to early years or the American Industrialisation period , 1900 to 1920s or 30s. Read real carefully how the American worker was treated by American Companies (today's Corporate America) and ask yourself do you really want to go back to that kind of treatment. And if that happens , there will not be fighting in the streets to get the unions back , Corporate America today is backed by the Federal Government and Federal Judges.

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Runner23 (0 friends, send message) wrote: 10/10/2007 8:38:39 PM

Rather than earning millions and giving a large amount to charity (I know, I know tax cuts) the CEO should be more inclined to disperse the money to the companies workers. It will be interesting to watch, however, how well the union will be able to handle VEBAs -- Voluntary Employee Beneficiary Associations -- where the financial responsibility of dispersing benefits goes to the unions ...

This article: "VEBAs: Automakers' union shares the risk of rising health care cost" shares insight on how effective unions will be in an era of global outsourcing ...

Here's the link: <http://knowledge.wpcarey.asu.edu/index.cfm?fa=whatshot>

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lyontamer (0 friends, send message) wrote: 10/10/2007 7:08:12 PM

as long as you think its a socialist movement, i think its ok to stand up for myself when my "boss" offers me a pay cut, but his salary nearly doubled from 2005 to 2006. does that sound like a fair and resonable workplace, does that unify companie employees? It makes it hard to wake up in the morning, drag my "union rat" keister out of bed and go to work. is the strike gonna hurt chrysler, probably not. but i support it. and when its my turn to walk the picket line, i'll be there early, but i'll make up for that by staying late, and i won't even get overtime.

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lyontamer (0 friends, send message) wrote: 10/10/2007 6:51:45 PM

contrary to popular belief the average pay of a united auto worker is truly around \$25 an hour, the \$73 figure is based on health care, and our pension. can you imagine what our country would be like if we lost 165,000 uaw jobs, the impact on our economy? the unions protect your wages and benifits also, even in the non-union sector. they set a GUIDE for most companies to follow, to compete with. and contrary to popular belief, as a uaw member i would take a pay cut, but i'm not going to work for \$11 hr. and i'm not working 30 + years for no retirement. and anybody who would is a fool.

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twowords (0 friends, send message) wrote: 10/10/2007 6:14:22 PM

CEO pay as well as other execs has gotten way out of hand. These people try to come up with any reason to justify the excess that they get. Can they spend all of it. The regular working class of america struggles with all thier bills and we do not see any type of value add from these buffoons. They do not appear to be able to do anything but run our businesses into the ground. They propt everything up in the last few years by laying people off and paying people not even a cost of living wage or raise. They keep raising prices but not the workers pay and they keep getting more. They are just greedy people that only care about themselves. Look at what Bill Gates, Warren Buffet, Steve Jobs make. They have a small base salary and get bonuses when the company does good legit accounting. The new breed of CEO's just want it all now in one shot instead of working for it.

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Spelling 101 (0 friends, send message) wrote: 10/10/2007 5:29:02 PM

Hey- thinkforyourself- How about "muscle" car and not "mussel" cars (which you eat)?

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redbulloh (6 friends, send message) wrote: 10/10/2007 5:23:38 PM

greg.w.h,

Maybe you missed the part where Home Depot paid Nardelli to leave. Cerberus didn't need to offer a ton for this guy - he was such a failure at his previous company they paid him a fortune to get out of Dodge.

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Alert Email Print Share By Rex Nutting

WASHINGTON (MarketWatch) -- The federal agency that backs up pension plans of failed companies saw its deficit balloon to a record \$33.5 billion in the first half of the fiscal year, acting director Vince Snowbarger will tell Congress on Wednesday. About half of the \$22.5 billion increase came from plan terminations, and another third came from the drop in interest rates. The Pension Benefit Guaranty Corp. lost \$3 billion on its investments. As of March 31, 68% of the PBGC portfolio was in bonds and 30% was in equities. In the past year, the PBGC moved to boost the percentage of equities in its portfolio, a controversial move that went against the recommendations of the Government Accountability Office.

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General Motors CEO's compensation jumps 64 percent in 2007 - 2008 Cuts Retiree's Benefits -- What is Terrorism?

Economic Justice - General Motor's Style

What is Terrorism?

GM CEO's compensation jumps 64 percent in 2007

By David Bailey

DETROIT (Reuters) - General Motors Corp (GM.N: Quote, Profile, Research) Chief Executive Rick Wagoner's salary and other compensation rose 64 percent in 2007 to about \$15.7 million, mainly due to option grants, according to a proxy filed on Friday.



The GM compensation committee cited significant progress over the past few years in reducing the automaker's health care cost burden, increasing growth internationally and

With Warning, G.M. Takes Wide Cost Cuts

July 16, 2008 By BILL VLASIC

William Parker, 74, of Towson, Md., will lose G.M. retiree coverage for a cancer drug. "I'm fighting for my life here," he said.



Steve Ruark for The New York Times

DETROIT — With concern growing among investors about a possible bankruptcy filing, General Motors on Tuesday announced sweeping cost cuts and other measures to bolster its tenuous cash position.

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improvements in its cars and trucks in the 2007 awards to executives.

Wagoner's compensation rose from about \$9.57 million in 2006. The figure was arrived at based on Wagoner's salary, all other compensation and the basis of annual grants.

GM paid Wagoner a salary of \$1.6 million in 2007, along with \$1.8 million in non-equity incentive compensation and nearly \$700,000 for other compensation that includes insurance benefits, security, aircraft expenses and other factors.

GM, which reported a record \$39 billion net loss in 2007, released the figures in a proxy statement on Friday afternoon that was filed with the U.S. Securities and Exchange Commission.

The automaker, which has been restructuring, reached a contract in 2007 with the United Auto Workers that has permitted buyouts for its UAW hourly workers, a second-tier wage for new hires and a plan that will push billions of health care obligations into a union-aligned trust. Wagoner had accepted a reduced base salary in 2006 and 2007 and only about 16 percent of his compensation is guaranteed. In March, GM granted Wagoner a raise to \$2.2 million per year,

But even as G.M. unveiled plans to increase its liquidity by \$15 billion, the automaker warned of more tough times ahead.

The broad cutbacks included a 20 percent reduction in payroll for salaried workers, elimination of health care for older white-collar retirees, and suspension of G.M.'s annual stock dividend of \$1 a share.

G.M.'s chairman, Rick Wagoner, said the sharp downturn in the American auto market forced "difficult decisions" to

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restoring his salary to protect the company's 2006 levels. future.

Fritz Henderson, who was promoted to president and chief operating officer in March, received compensation of about \$9.3 million in 2007, up from about \$5.1 million in 2006.

Henderson's salary was raised to \$1.8 million from \$1.3 million in March with his appointment as president and COO, the No. 2 position to Wagoner.

Vice Chairman Bob Lutz's compensation rose to about \$9 million in 2007, from about \$5.1 million in 2006. The product chief's salary was raised to \$1.75 million, from \$1.3 million.

The issue of executive compensation in the struggling U.S. auto industry has become something of a hot-button issue because of the United Auto Workers union.

A report earlier in April that Ford Motor Co (F.N: Quote, Profile, Research) Chief Executive Alan Mulally had earned more than \$22 million in 2007, drew a sharp rebuke from the UAW as excessive, given concessions UAW members had agreed to in the 2007 contract.

Ford, which posted a \$2.7 billion loss in 2007, reported a first quarter profit on Thursday that surprised analysts.

GM and other major automakers have been hit by a slowing in the U.S. economy and rising fuel costs that have driven a

"I'm determined and highly confident that G.M. will be a survivor," Mr. Wagoner said in an interview. "We can do what we need to do."

Rising gas prices and a weak economy have driven G.M.'s United States sales down 16 percent this year and crippled the market for its big pickups and sport utility vehicles.

The steep fall in sales is eating into G.M.'s cash reserves at the rate of more than \$1 billion a month, according to some analysts, provoking fears on Wall Street that the company will run out of money before the market rebounds.

While G.M. had about \$24 billion in cash at the end of the first quarter, Mr. Wagoner said the company needed to take drastic action now.

"What we wanted to demonstrate today is that we have a lot of capability to improve liquidity," he said.

G.M.'s plan calls for \$10 billion in cost cuts, combined with \$5 billion in new financing from asset sales and debt offerings.

The automaker developed the plan with the assumption that industrywide vehicle sales in the United States would not rise above 14 million this year or in 2009 — the lowest sales level in more than a decade.

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major shift in consumer preferences toward cars and crossovers and away from large sport-utility vehicles and pickup trucks.

GM also said E. Neville Isdell, chairman and CEO of Coca-Cola Co (KO.N: Quote, Profile, Research), has been nominated to GM's board. He would join the board August 6 if elected at GM's annual meeting in Delaware on June 3.

(Reporting by David Bailey; Editing by Andre Grenon and Carol Bishopric)

Source Reuters [here](#).

GM's shares opened lower on Tuesday but rallied to close at \$9.84, a gain of about 5 percent.

"This won't solve most of the company's problems, but it will buy them some time," said John Casesa of the consulting firm Casesa Shapiro Group.

Analysts generally said that the depth of the cost cuts exceeded their expectations, but that the fund-raising efforts were smaller than anticipated. Moreover, analysts said they were left with more questions than answers about how G.M. would adapt to consumers' rapid shift from large vehicles to smaller, more fuel-efficient cars.

"The announcements offered little sense of a new G.M. strategy or shift in organizational culture that might set the stage for a more dramatic reinvention," said Brian Johnson of Lehman Brothers.

G.M., the nation's largest automaker, has been struggling for several years to make money in North America and develop passenger cars that compete with models from the Japanese automakers Toyota and Honda.

The company, along with Ford and Chrysler, its Detroit rivals, has relied heavily on sales of pickups and S.U.V.'s for profits.

But the advent of \$4-a-gallon gas has dried up the market for bigger vehicles, forcing the Detroit automakers to

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sharply scale back their production.

G.M. said Tuesday that it would reduce its truck production by 300,000 vehicles by next year, doubling the cutbacks it announced earlier this summer.

The automaker's president, Frederick Henderson, said the reductions would be achieved by accelerating previously announced plant closings in Wisconsin, Ohio, Canada and Mexico, as well as additional downsizing.

"I'm not going to get into today how many additional people will be affected," he said. "These are going to be some pretty tough measures."

The company also will slash its salary costs by 20 percent by the end of the year through buyouts, early retirements, attrition and possibly layoffs. G.M. has about 40,000 white-collar workers in the United States and Canada.

While G.M. has been methodically cutting jobs since 2006, the decision to eliminate health care benefits for salaried retirees over the age of 65 was unexpected.

The generous health plans for retirees has long been considered a pillar of the benefit system at G.M. The company pledged to increase pensions to offset the loss of coverage.

Still, retirees interviewed Tuesday said that they

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were blindsided by the move.

One retiree, William Parker of Towson, Md., said he was recently prescribed a new cancer drug that normally costs \$2,700 a month, but only \$50 under his G.M. plan.

"G.M. was good to me and I hate to be bitter," said Mr. Parker, 74, who retired in 1987 after 28 years with G.M. "But I don't know what the hell I'm going to do. I'm fighting for my life here."

Other cost-cutting components of the plan included delaying \$1.7 billion in payments to a health care trust for retired hourly workers, and the elimination of executive bonuses and pay raises for salaried workers.

Beyond the personnel moves, Mr. Wagoner said G.M. would cut costs in its sales and marketing units, limit its capital spending to \$15 billion through 2009, and tighten inventory controls on engines and other parts.

But Mr. Wagoner was less specific on how G.M. would raise additional cash. The company hopes to generate up to \$4 billion by selling assets, but executives declined to say what might be sold besides the Hummer S.U.V. brand.

Also, Mr. Wagoner declined to provide details about a planned debt offering to raise \$2 billion or more, only that the company would seek the financing when market conditions were most advantageous.

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G.M. also said it planned to speed up delivery of some new products, like the Chevrolet Equinox crossover vehicle and the Cadillac CTS coupe.











The scope of initiatives addressed virtually every area of concern voiced by investors about G.M. But the top priority for executives was to quash any further talk that bankruptcy was a possibility for the company.


"At some point, these analysts should learn that car companies don't die that fast," said Robert Lutz, G.M.'s vice chairman and chief product officer.

Nick Bunkley contributed reporting.

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Pay climbs for auto execs

Compensation averaged \$4.2 million in 2006

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BY JOE GUY COLLIER

Executives at the top U.S.-based auto companies received compensation packages worth an average of \$4.2 million in 2006, a year in which two-thirds of their companies failed to post profits, according to a Free Press analysis.

Rules for reporting executive compensation changed for this year's filings, but a comparison of similar categories showed that total compensation for these executives rose 22% from 2005 when the average compensation was \$3.5 million.

Ford Motor Co. chief executive Alan Mulally ranked first in the analysis with a total compensation package of \$39.1 million, which included an \$18.5-million bonus for leaving the Boeing Co. to take the top job at the Dearborn-based automaker. Ford executives accounted for six of the top 15 spots in the rankings, which looked at 80 executives for 14 publicly traded companies.

The compensation packages were awarded during a year when the domestic auto industry experienced widespread layoffs and plant closures. Financially strained companies and industries often have to pay more to attract talented executives to what could be a risky, high-pressure career move, experts say.

The pay raises, though, come as Ford, General Motors Corp. and the Chrysler Group prepare for contract talks with the UAW. Many outside analysts have predicted the companies, which are all losing money in North America, will ask for wage and benefit concessions from UAW members.

Even before the talks have formally started, executive pay has created a rift with workers, said Gerald Fischer, a 67-year-old Garden City resident who retired from Ford last year as part of the company's attrition program.

"It frustrates every average working man," Fischer said. "Every time we see it we get upset. ... They're still being compensated and we're still being asked to give back."

Ford said it provided the compensation packages because they were critical to recruit and retain key executives. Like at most companies, Ford's board of directors determined executive pay based on an analysis of executive pay at other global, manufacturing firms, according to its SEC filing.

"We pay competitive wages to attract and keep the best and brightest talent available," said Ford spokesman Tom Hoyt.

But the UAW says executive pay in the auto industry should be scrutinized, especially following agreements by Ford and GM union members to shoulder more of their health care costs to help the companies save money. More than 70,000 hourly workers also agreed to buyouts or early retirement packages.

"UAW members have made significant sacrifices to help auto industry employers get back on track and remain competitive," UAW President Ron Gettelfinger told the Free Press in a statement. "During a period of plant closings, employment reductions, and other painful changes for workers and communities, it's fair to ask whether executives are truly adding value in proportion to any compensation increases they have received."

Gottelfinger made \$208,000 in salary, benefits and expenses in 2005, according to the most recent publicly available IRS filing for the UAW. His compensation would have ranked at or near the bottom of the corporate executive list in either year.

The Free Press analysis looked at reports filed by General Motors and Ford as well as 12 suppliers with publicly traded stock. It included salary, bonus, incentives, the fair market value of stock and options granted in the year and other compensation, such as use of corporate aircraft and company vehicles. The value of stock and option grants is not guaranteed and could be higher or lower when the executive cashes them in.

Executive pay in the auto industry was in line with pay at other public companies, according to data compiled by Equilar Inc., a California-based firm that specializes in executive compensation analysis. Looking at just the CEOs, usually the highest-paid executives, Equilar found a median CEO compensation for the auto industry of \$7.1 million in 2006, compared to a median CEO pay of \$8.5 million for public companies in the Standard & Poor's 500 index.

The Free Press analysis looked at CEOs as well as other executives, such as chief financial officers and vice presidents, who are listed in the SEC filings.

Johnson Controls Inc. chief executive John Barth ranked second overall behind Mulally with a total compensation of \$30.8 million in 2006. James Padilla, who retired last year as Ford president and chief operating officer, was third at \$15.5 million.

The top five also included Johnson Controls executive vice president Stephen Roell at \$14.5 million and Eaton Corp. chief executive Alexander Cutler at \$12.1 million.

Milwaukee-based Johnson Controls and Cleveland-based Eaton, which both have operating units outside of the automotive industry, posted double-digit gains in profits and revenues in 2006.

Ford lost a company record \$12.6 billion in 2006, compared to a \$1.4-billion profit in 2005. Every returning executive listed in Ford's filing, except for Bill Ford, received more in total compensation in 2006 than in 2005.

Compensation experts caution against blanket statements about executive pay and its relation to profits. Companies can lose money and still be justified in pay increases if they hit targets moving the companies toward financial stability, they say.

"If you're in a tough world and you didn't go bankrupt, maybe that's a good thing," said Mark Watson, managing director of corporate governance for New York-based Moody's Investors Service. "You look at the airline industry and the auto industry. They must be struggling to keep talent. They're under an enormous amount of stress and strain."

In particular, Mulally is a special case because he was lured away from another company, said Peter Morici, a University of Maryland business professor who follows the auto industry. But few U.S. auto executives have shown that they deserve their pay packages, he said.

GM chief executive Rick Wagoner received \$9.6 million in total compensation in 2006, a 75% pay raise from 2005. GM lost \$2 billion in 2006, compared to a \$10.4 billion loss in 2005.

DaimlerChrysler AG chairman Dieter Zetsche received \$10.3 million and Chrysler Group CEO Tom LaSorda \$5.2 million, counting phantom shares granted by the company.

DaimlerChrysler was not included in the Free Press analysis because it was not required by German reporting rules to provide comparable data on 2005 compensation. The overall company made \$5 billion last year but the Chrysler Group lost \$680 million, after restatements for new accounting rules. "The reality is there is no accountability on CEO pay in the automobile industry," Morici said. "These companies are going down the drain and the boards are silent. ... In terms of the CEOs, they really haven't delivered."

These compensation packages will make it more difficult for the companies to win concessions from the UAW when contract talks start in July, Morici said.

"The senior executives don't want to come down hard on the autoworkers because if they did, they would have to come down hard on themselves," Morici said.

In the past year, executive compensation in the auto industry depended heavily on stock and option awards, which experts point to as a positive trend. Stock and option awards were, by far, the biggest component, providing an average of \$2.2 million, or about half of overall compensation.

Ford's Mulally received the most in stock and options with grants valued at \$19.6 million. Also in stock and option grants, Johnson Controls' Barth was provided \$17 million, Ford's Padilla \$14 million and GM's Wagoner \$7.5 million.

A heavy weighting toward stock and options can be a good way to compensate executives, said Charles Elson, chairman of the University of Delaware's Weinberg Center for Corporate Governance. In order to make money on those investments, the company's stock needs to do well, which would also benefit shareholders.

"It aligns their interests with the company's interests," Elson said.

Whether it's stock and options or base salary, though, the increases to this year's compensation packages are bad, said Fischer, the recent Ford retiree.

"We don't begrudge them their money because of their education and background," Fischer said. "Don't get me wrong. But why do we have to give up a buck an hour and they get a \$2-million raise?"

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